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Summary of the Chairperson**

I. Overview

1. In preparation for the twelfth session of the Commission on Sustainable Development, the members of the Economic Commission for Europe met at Geneva to assess the region's progress in implementing sustainable development commitments, with particular focus on human settlements, water and sanitation. The Forum also considered interlinkages between these three themes, cross-cutting issues relating to them, and the role of the Economic Commission for Europe (ECE) region in the global context.

2. The ECE region contains great disparity. However, within the region are four of the world's five strongest economies, which makes it better able than others to tackle implementation of the Millennium Development Goals and the commitments made at the World Summit on Sustainable Development. Yet the same obstacles and challenges reported from other regions are also to be found within the ECE region.

3. Within the region, 120 million citizens lack access to safe drinking water and adequate sanitation. Of the total European population, 31 per cent live in areas of high water stress, where overexploitation of resources is causing serious environmental problems. Infrastructure breakdown and lack of investment means that much water is lost through leakage. In Central and Eastern Europe, for example,

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almost half of the water leaving purification plants is lost; in some countries fewer people have access to safe water than 10 years ago; cross-contamination from leaking sewage infrastructure fosters disease; and in many areas there is a lack of capacity to tackle these obstacles.

4. The Implementation Forum heard some blunt and honest assessments of obstacles and challenges, as well as accounts of steps taken to address them.

5. The aim of the Forum, however, is not just to provide honest monitoring and assessment, although this must be the first step. Its purpose is, through sharing experience both of our successes and, especially of our mistakes, to promote implementation of the changes required to reach the goals set at the World Summit on Sustainable Development.

6. The assessment of the ECE region shows that it is not yet on track to reach those goals, but also shows that it could get on track. At the global level, access to clean water must be expanded at a rate of 300,000 people per day to meet the 2015 target. In the 1980's this was achieved, although not sustainably, falling in the 1990s. Implementation is challenging, but it is achievable, and the ECE region can and is helping to meet those goals both within the region and globally.

7. The present summary was produced in consultation with the Vice-Chairs of the Forum with a wide range of inputs from the diverse membership and stakeholders of the Economic Commission for Europe, including:

- Interventions from participants during the Forum itself
- Written submissions from member States
- Presentations on each theme from Forum panellists
- Papers from the ECE secretariat on each theme.

8. These inputs have been condensed in the present report, which sets out progress, obstacles and challenges as well as examples of good practice that member States have used to tackle them.

II. Key points

A. Human settlements

9. The Johannesburg Plan of Implementation reaffirmed the target, set forth in the Millennium Development Goals of achieving, by 2020, a significant improvement in the lives of at least 100 million slum dwellers. In assessing progress inside the Economic Commission for Europe region, the main focus was on sustainable urban development, which involves both creating the right conditions for the prosperous to live more sustainably and tackling the problem of slums.

Assessment of progress

10. In the ECE region, 75 per cent of the population is concentrated in urban areas. Countries and municipalities have, to different degrees, addressed sustainability goals in human settlements through planning and partnerships to achieve productive, socially inclusive and environmentally sound cities.

11. The compact city paradigm has influenced integrated urban, transport and land-use planning in cities such as Copenhagen, Stuttgart and Seattle.
12. Rapid urbanization has put considerable pressure on existing transport infrastructure and municipal services, particularly in countries with economies in transition, which have the least funds available to maintain or improve them.
13. Many countries with economies in transition have carried out large-scale land privatization with varying degrees of success, partly as a result of inadequate institutional capacity. This has been accompanied by the loss of agricultural land in the urban periphery and the growth of illegal settlements with limited access to public services, including education and health.
14. The decentralization of services in such countries has led, in many cases, to municipalities receiving new responsibilities for providing essential public services, including water, sanitation, waste and transport, without the resources to carry them out.
15. In the ECE region, 100 million people are classified as poor, with 39 million living below the poverty level in North America. The difference in per capita income between the poorest and most affluent country is 1 to 45. Last year, 3 million people were recorded as homeless in both the European Union (EU) and the United States of America, and 56 million citizens in the European Union were listed as living at risk of poverty.
16. Countries in the ECE region with traditional market economies have experienced strong growth and made major progress in their structural reform agenda in the past decade.
17. Most countries have discontinued the provision of new social housing. The evidence suggests that Governments have failed to integrate social housing reforms into the wider process of welfare restructuring. Housing rehabilitation is also a pressing issue, with considerable neglect in the maintenance of ageing private and public housing, especially in countries with economies in transition.
18. While most countries are committed to waste minimization and effective waste management, prioritizing recycling, the scale of waste generation presents a major problem, particularly as landfill sites consume a disproportionate share of land. Incineration/combined heat and power (CHP) and waste-water treatment, which would do much to improve conditions require major investment.
19. Air pollution from transport has been reduced in Western Europe and North America, but is still a serious problem. Congestion has increased, particularly in large urban areas, leading to increased pollution during peak hours. In countries with economies in transition, pollution from mobile sources has increased disproportionately.
20. The world is not yet on track to meet the slum dwellers target, with the *Global Report on Human Settlements 2003*, published by the United Nations Centre for Human Settlements (UN-Habitat), making it clear that the number of slum dwellers worldwide is actually projected to rise if no serious action is taken.

Obstacles and challenges

21. Social exclusion and economic deprivation can result from: social housing reforms that have been poorly integrated with wider welfare-state restructuring; the increasing gap between income and prices, particularly in high-growth areas where market-based housing is less affordable; and ill-targeted subsidies that fail to reach the poor.
22. Growing poverty in East European, Caucasian and Central Asian countries has prevented price adjustments, which would help to achieve cost recovery and much needed revenue for public services.
23. Providing infrastructure and services for ageing populations is becoming an increasing challenge in developed countries.
24. Poor local environmental quality, such as "flytipping", the unauthorized dumping of waste, graffiti, poor access to green space, and air and noise pollution, can be deciding factors in the decline of neighbourhoods.
25. Poverty, the growing numbers of refugees and flows of migration, both environmental and economic, have created pressure on housing and basic service provision, leading to social exclusion and illegal settlements.
26. Cities also face significant fiscal and technical constraints. Local authorities are dependent on national Governments for funding, and in some countries a finance gap exists because Governments have withdrawn investment and subsidies. Private developers continue to face financial difficulties, high inflation and lack of adequate credit supply.
27. Ineffective bureaucratic planning procedures, lack of transparency and inadequate institutional capacity have often led to ad hoc changes to older plans in response to development pressure. Maintenance and management of housing stock is limited by lack of institutional capacity for upgrading common structures in apartment buildings. Excessive regulation of the rental market has contributed to a shortfall in affordable housing. In addition, the demand for new housing can lead to inappropriate development on natural flood plains.
28. Inside the region and globally, access to land and credit for the poor continues to be a major constraint leading to multiple disadvantages, in particular for women. The urban poor are especially vulnerable to social exclusion since they lack access to services, safety nets and political representation.

Good practice

29. At all levels integrated urban planning is essential. Good practice incorporates: economic regeneration to create employment opportunities; recycling of brownfield sites; and improvement of the social infrastructure, including mixed housing, education, health, integrated public transport and sustainable energy, water, sanitation and waste services. This can help achieve more sustainable patterns of consumption and production. Urban planning needs to address linkages between urban, peri-urban and rural areas.
30. Modern building design, construction and maintenance, including district heating systems and improved thermal quality/efficiency of housing stock, can address both fuel poverty and impacts on climate.

31. Genuine, rather than token, public consultation pays dividends, and should include gender perspectives on the urban environment.
32. The private sector is often better placed to build and develop infrastructure, while public sector capacity should be robust enough to set and manage institutional frameworks efficiently and accountably. Management of privatized multifamily housing can be improved by introducing and enforcing laws to regulate the operation of homeowners associations. Good land administration is central to the competitiveness of real estate and housing markets.
33. Diversity of housing stock, the provision of affordable housing for the vulnerable, equitable access to essential services and security of land tenure can help address economic and social exclusion.
34. Financing can be mobilized by: underwriting private sector risks; creating frameworks to mobilize domestic capital, including providing access to credit for home buyers; and providing an enabling institutional environment to attract domestic and foreign private sector investment. Financing for urban renewal requires sustained, long-term provision — regeneration works best when measures are significant, and comprehensive rather than piecemeal.
35. Sustainable service provision has been facilitated by competitive and decentralized approaches, community-based initiatives and public-private partnerships.

B. Water and sanitation

36. The focus of the twelfth and thirteenth sessions of the Commission must be on progress towards the Millennium Development Goals to halve, by 2015, the proportion of people without access to safe drinking water, and the target set out in the Johannesburg Plan of Implementation to halve the proportion of people without access to basic sanitation by the same date. The key intermediate target is to prepare integrated water resource management and water efficiency plans by 2005.

Assessment of progress

37. While significant progress has been made in management of water resources and quality across the region, an estimated 120 million people (1 in 7) still do not have access to safe drinking water and adequate sanitation. Approximately, 10 per cent of citizens in the European Union countries are potentially exposed to microbiological and other contaminants, including pesticides and heavy metals, which exceed maximum allowable concentrations. The situation is significantly worse in the East European, Caucasian and Central Asian countries and in Central Europe.
38. Most countries are well advanced in implementing comprehensive frameworks for integrated water resource management (for example under the European Union Water Framework Directive) although more needs to be done, particularly in the East European, Caucasian and Central Asian countries.
39. Thirty-one per cent of Europe's population is concentrated in countries that experience high water stress, mainly in the Mediterranean area. Overexploitation of resources for drinking water and irrigation, particularly in Central Asia, is having

serious environmental consequences. In Central and Eastern Europe, almost half the drinking water that leaves water purification plants is lost in the pipeline system.

40. Floods are an increasing problem, particularly in Mediterranean countries, as well as in parts of Western and Central Europe and North America.

41. In the case of the five countries of the region that receive 75 per cent of their water supply from upstream countries, reasonable and equitable use of transboundary waters is a major challenge. ECE Governments have managed to put in place a unique regional environmental framework to address the most important issues of transboundary cooperation, including water, industrial accidents, environmental impact assessment, public information in decision-making and access to justice.

42. Most countries have embedded the polluter-pays and user-pays principles in legislation, but reforms are not complete in the East European, Caucasian and Central Asian countries, and laws are not always effectively enforced due to limited regulatory capacity.

43. In the East European, Caucasian and Central Asian countries, rivers, lakes, groundwater and coastal waters are often polluted, in particular in localized hot spots downstream of cities, industrialized and agricultural areas and mining regions. Oil pollution is a major problem in the Black Sea, the Caspian Sea and in the Mediterranean.

44. Treatment of waste water from industrial and household sources has improved markedly during the past decades, but in some parts of Eastern, Central, South-Eastern Europe and the Caucasian and Central Asian countries, the proportion of waste water being treated is still low, with decaying sewage pipes causing cross-contamination of drinking water.

45. Water-related diseases are of concern, particularly in the East European, Caucasian and Central Asian countries, generally among vulnerable groups such as the young and the elderly.

46. Nitrate levels are higher in established member States of the European Union than the accession countries owing to more intensive agricultural production. Most countries in Western Europe have embarked on agri-environmental programmes to minimize the pollution of natural waters from diffuse sources. But more efficient progress can be obtained through cutting agricultural production subsidies, subject to the consideration of related social costs.

47. The European Union and the Central Asian countries have paid increasing attention to management technologies to conserve water in agriculture. Amended legislation in some East European, Caucasian and Central Asian countries has introduced programmes to encourage the setting-up and capacity-building of irrigation user groups.

48. Compared with other regions, many ECE countries seem well advanced in the introduction of water-related economic instruments. Industrial water use has also been improved through regulation and voluntary approaches, including environmental management schemes such as the ISO 14000 series.

49. Much new legislation in the region, for example in the United States and Canada, has incorporated "good practice" models, with guidelines for municipalities, households and industries on water efficiency and savings.

50. Data monitoring and provision of information to the public is comparatively good, but needs to be improved, particularly in the East European, Caucasian and Central Asian countries.

51. The Economic Commission for Europe has initiated studies on progress in the East European, Caucasian and Central Asian countries towards the 2005 integrated water resource management and water efficiency target, and on the cost for these countries of achieving the drinking water and sanitation targets. These studies are due to be completed next month and will be presented to the twelfth session of the Commission.

Obstacles and challenges

52. Providing, maintaining and upgrading the infrastructure needed to purify and supply safe drinking water, in line with applicable provisions of the World Health Organization (WHO), the European Union and the Economic Commission for Europe, will put high demands on institutional capacity and financing, while even more costly investment will be needed to dispose of and treat waste water.

53. Poor understanding of social and economic links results in low political prioritization centrally, a problem compounded by poorly funded local authorities with limited fiscal powers. Unmitigated cost recovery can impact heavily on the ability of the most vulnerable to access services. In addition, high investment risk can lead to private sector disengagement.

54. Inadequate institutional, regulatory and enforcement capacity hampers effective, equitable and resource-efficient service delivery and water resources management, leading to overexploitation and pollution. Weak local and stakeholder involvement means that essential needs, knowledge and problems can be ignored.

55. Poor management of competing sectoral needs of industry, agriculture and the population at large, may result in an imbalanced provision among the range of users, while poor transboundary arrangements may prevent proper management of transboundary impacts.

56. Lack of meaningful data impairs informed decision-making. Information on groundwater is particularly scarce. Low individual awareness contributes to wasteful water use, poor hygiene and health problems.

Good practice

57. Developing and implementing integrated water resource management plans, which might include national and local objectives and targets, is an essential first step to meeting longer-term goals on water and sanitation.

58. Such plans need to take into account: different sectoral needs; urban, peri-urban and rural inter-linkages; the importance of protecting and managing the water-related ecosystems that capture, filter, store and release water; and, increasingly, flood plain management, including modelling the effects of climate change. Integrated water management and sanitation schemes have proven effective.

59. Water resources are best managed based on hydrographic rather than administrative, boundaries. This "river-basin" approach necessitates effective joint bodies in the case of transboundary waters, complemented by ratification of the Convention on the Protection and Use of Transboundary Watercourses and International Lakes (Water Convention) and its Protocol on Water and Health.

60. Frameworks for regional and subregional cooperation on water and sanitation, for example the Arctic Council, the Baltic 21 network, the European Union's Water Framework Directive or the recent initiative on "Environment, water and security in Central Asia" are important for addressing common issues, harmonizing standards and monitoring, where appropriate.

61. As well as ensuring proper planning and working in cooperation with neighbouring countries, Governments can: update and effectively enforce health standards and legal and regulatory frameworks, with meaningful disincentives and fines for violations and discharges; improve public participation in planning and decision-making, including the formation of user groups; undertake policy reforms that are pro-poor and take account of gender; and improve monitoring and data collection on water quality, mobilizing new water sources and improving degraded ones through integrated water resource management.

62. The decentralization of some responsibilities and decision-making to the local level and the creation of conditions to encourage private sector investment can improve service delivery and resource management, complemented by strengthened local and corporate governance.

63. Training and information improves institutional capacity at all levels for planning, managing and monitoring resources and services, as well as managing relationships and defining roles between the public and the private sector. Developed countries in the ECE region can help other countries, both in the region and globally, through providing finance and demand-led capacity-building and cooperation in knowledge, governance and technology, including through multi-stakeholder partnerships.

64. The finance gap can be filled by: implementing user- and polluter- pays principles, coupled with special attention for the most vulnerable members of society; eliminating perverse subsidies; offering credit guarantees and revolving credit funds to improve infrastructure; compensation schemes for water-linked environmental services; prioritizing water and sanitation in development and poverty reduction strategies; involving private sector, international institutions and other international partners, including through partnerships with stakeholder involvement and accountability, based on clear rules and responsibilities. Such partnerships can be public-public and/or public-private, covering both service delivery and resource management.

65. Raising awareness of hygienic behaviour and potential health risks encourages households to invest in improved sanitation and water supply.

66. At the World Summit on Sustainable Development, the European Union, together with the East European, Caucasian and Central Asian countries, launched a partnership to implement the 2015 targets on water supply and sanitation and the 2005 target on integrated water resource management and water efficiency plans. This partnership was adopted at Kyiv, at the fifth Ministerial Conference, "Environment for Europe".

67. More sustainable consumption and production of water can be pursued through a variety of regulatory, economic and voluntary instruments.

C. Interlinkages, cross-cutting issues and global context

68. The Forum highlighted important linkages between the three thematic sectors, including common obstacles, and good practices that can assist progress towards the Millennium Development Goals and the targets set out in the Johannesburg Plan of Implementation. The region has problems of its own, for example, in achieving the water and sanitation targets in the East European, Caucasian and Central Asian countries, but also needs to work closely with developing country partners to tackle the more extreme difficulties which many face.

69. Provision of drinking water and sanitation requires multisectoral, interdisciplinary approaches that recognize the interdependence of these and other sectors. Lack of access to water and sanitation, inadequate shelter and communicable and water-borne diseases need to be tackled in an integrated way, backed by awareness-raising and wider support at regional, national and international levels. Environmental causes of human health problems like these require greater attention.

70. There are clear links between water, sanitation, human settlements, gender equality, targets set out in the Johannesburg Plan of Implementation and the Millennium Development Goals. Water is central to realizing goals such as food security and, together with sanitation, some of the health goals, as well as protecting natural resources. Water and sanitation, and infrastructure such as housing, transport and energy support the delivery of health and education services. Better management of water resources, access to housing, safe water and basic sanitation with hygiene promotion are key contributions to poverty reduction.

71. The most prominent obstacles to achieving agreed targets are inadequate financing and inadequate governance. Countries in the ECE as well as other regions need to honour their commitments from the Millennium Declaration, the Monterrey Declaration on Financing for Development, the Johannesburg Plan of Implementation and the Doha Ministerial Declaration of the World Trade Organization if real progress is to be made.

72. Increased volume and effectiveness of official development assistance are essential, not least because such funding can build capacity for effective governance and natural resource management. But providing access to water, sanitation, energy and shelter requires private investments too. The attraction of new and additional financial resources is crucial. This means mobilizing domestic capital from within countries as well as attracting private sector investments from world markets through innovative mechanisms such as revolving funds, a proposed international finance facility and public-private partnerships. Financing needs to be complemented by other means of implementation, including capacity-building through cooperation in areas of technology and knowledge.

73. One target requiring attention at the twelfth session of the Commission is the adoption of sustainable development strategies by all countries by 2005. These strategies provide an overarching approach to interlinkages among many themes and cross-cutting issues and improve coherence between decisions made and actions

taken in these areas. It is essential that all stakeholders have an opportunity to participate in their preparation.

74. For countries with economies in transition and developing countries, such strategies can be formulated as poverty reduction strategies that integrate the economic, social and environmental aspects of sustainable development. It is important that the dialogue concerning country-owned poverty reduction strategies address the targets for water, sanitation and human settlements, as well as issues such as gender equality, employment and workers' rights in order to help achieve the targets concerned while ensuring that development will be of lasting benefit.

75. Most countries in the ECE region have already adopted comprehensive strategies for sustainable development or are in the process of doing so. Review and reporting mechanisms at a high political level and the use of national targets and indicators are needed to ensure the success of such strategies. Subregional strategies have also been adopted, for example by the European Union and the Nordic countries.

76. Protecting the natural resource base is a fundamental cross-cutting issue. In developing national sustainable development strategies and other environment-related strategies, it is essential to use an ecosystem approach to the management of water, sanitation and human settlements. Protecting ecosystems is fundamental to water security and human livelihoods. Environmental aspects will be addressed at the United Nations Environment Programme (UNEP) Global Ministerial Environment Forum, to be held in Jeju, Republic of Korea, from 29 to 31 March 2004.

77. Sustainable consumption and production requires a range of voluntary, market-based and regulatory instruments, not only at a local but also at the national, regional and international levels. It is important to apply a life cycle perspective to changing production processes and at the same time to enable consumers to make informed and ethical choices. ECE member States should take a leading role in maintaining the momentum of the Marrakesh Process on this topic.

78. Issues such as efficient use of all resources and increased cost recovery should be addressed while ensuring that the poor have access to basic services. Local authorities, which are responsible for management of services at local and community levels, must be used as resources, and access to credit must be made available at the local level. Local capacity-building in the areas of governance, public-private partnerships and credit access should be prioritized. For review sessions of the Commission on Sustainable Development, it would be useful to have regional gap analyses of capacity-building needs in the areas under discussion.

79. There is no one model of good governance, but its key elements are transparency, accountability, clear institutional responsibilities, private sector and civil society participation, environmental and social assessment and providing the poor with access. Appropriate corporate social and environmental responsibility and accountability are also essential for sustainable development.

80. Multi-stakeholder partnerships, bringing together the business community and civil society, can also play a fundamental role in promoting sustainable development, and they represent a key complement to the activities undertaken by the wider international community. In this respect, we welcome the organization of

the International Forum on Partnerships for Sustainable Development (March 2004) by the Government of Italy.

81. Education can make a significant contribution to sustainable development, particularly towards poverty eradication and more sustainable consumption. This should be given significant attention at the twelfth session of the Commission, with a view to highlighting models such as the ECE region-wide strategy on the issue.

82. There is an important gender equality dimension to the issues of water, sanitation and human settlements that needs to be given due attention at the Commission on Sustainable Development. Gender equality analysis to establish how women and men are affected differently is required so that it can be addressed in implementation processes.

83. Reliable data and information are crucial to allowing policy makers to make informed decisions. Data from water quality and quantity monitoring networks should be translated into policy-relevant information for water management. Cadastres and land registration systems are important elements on which to build a functioning real property market. In addition, the combined use of cadastres and geographic information systems (GIS) is increasingly useful in disaster-prone areas. To ensure the policy-relevance of information, it is important that further work be done in developing and applying a comprehensive set of indicators for sustainable development.